

# *The Jacob Journal*

A NEWSLETTER FROM SUPERVISOR DIANNE JACOB

APRIL 1998

## *Bond Boost Strengthens Bottom Line*



It's Tax time! And, this time of year, people really start thinking about finances. How about some good financial news?

Here's what one of the agencies said:

**"County's bond rating gets boost from Wall Street"**

San Diego Union-Tribune

**"County's Rating Upped"**

San Diego Daily Transcript

**"Bond-rating boost a boon to the county"**

North County Times

**"County buoyed by improved bond rating"**

Daily Californian

**"Three Firms Help Boost County's Credit Rating"**

San Diego Business Journal

San Diego County is in excellent fiscal health. The budget is balanced, fully reserved, and the investment pool has stabilized. All of this has resulted in a substantial increase in the County's bond rating, which means savings to the taxpayers. The nation's three largest bond rating agencies, Standard & Poor's, Moody's Investors Service and Fitch IBCA, all upgraded San Diego County to between "A" and "A+" ratings, with the last two bumping the County up two notches — a highly unusual move.

"The upgrade...reflects San Diego County's greatly improved financial position with significant reserves and...prudent policies to maintain these reserves. The County restored and enhanced the cash balances previously used to facilitate the defeasance of its solid waste recycling center debt." -- Standard & Poor's

But what does that really mean to those of us who are not Wall-Street-watchers? It means the taxpayers save money!

Simply put, the County's Municipal Bond rating determines the interest rate that is paid on borrowed money. It's similar to a personal credit rating. For example, a family with a good credit history wishing to purchase a \$200,000 home might pay an interest rate of 7%. Their monthly payments would be about \$1330. On the other hand, a family with a poor credit history purchasing the same home, might need to pay an interest rate of 10%. Their monthly payment would be about \$1750. The family with good credit saves more than \$400 a month!

For the County, a good bond rating means we can borrow money at a lower interest rate, too. For example, if the County wanted to build a new jail at a cost of \$100 million, we would need to borrow money. Today, we would pay a lower interest rate and save substantial tax dollars — at least \$100,000 for a one-year loan! That same loan over thirty years would result in at least a \$3 million savings!

This upgrade didn't just happen by itself. Three key factors

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stand out — the sale of the County's failed trash system, the correction of the structural problem in the County's budget, and the stabilization of the County's investment pool.

First, the sale of the County's solid waste system netted \$179 million in cash, providing taxpayers a substantial monetary return on their investment. In addition, the sale allowed the County to be fully reserved with more than \$180 million, including an environmental trust fund of \$101 million to pay for the costs of inactive landfills. The sale of the trash system was not only the largest-ever privatization of municipal assets in the Nation, it signaled a new era in the way County government does business — like a business.

Second, a structural problem in the County's budget was corrected. Simply put, a pattern had developed whereby one-time funds, like windfalls, were used to pay for ongoing operational expenses in programs such as parks, libraries and law enforcement services. The practice was risky since these essential public services were relying on funding which could disappear at any time. Just like families can't rely on the lottery to make house payments each month, County government can't depend on one-time funds for operations. Fortunately, the Board of Supervisors resolved to correct this problem and directed our Chief Administrative Officer and Chief Financial Officer to get the job done. Today, our budget is structurally sound — ongoing revenues pay for ongoing expenses and one-time revenues pay for one-time costs!

Third, the County's investment pool was stabilized. After Orange County declared bankruptcy in 1994, the Board of Supervisors focused attention on how San Diego County's investment pool had been managed by the County Treasurer. The Board of Supervisors brought in an independent financial expert and appointed an oversight committee to analyze the investment pool and the management practices of the Treasurer. What they found was a pending disaster — risky investments in derivatives and a lack of liquidity. Their recommendations were implemented and the results speak for themselves — the investment pool is stable.

When the Board of Supervisors hired Chief Administrative Officer Larry Prior a year and a half ago, we issued one tall order — FIX THE FINANCES! Today, they are fixed, as demonstrated by our "A+" bond rating! And, that is great financial news for all of us who live in San Diego County!

***Supervisor Dianne Jacob proudly serves the communities of:***

*Agua Caliente Springs ♦ Allied Gardens ♦ Alpine ♦ Barrett ♦ Blossom Valley ♦ Bostonia ♦ Boulevard ♦ Campo ♦ Canebrake ♦ Casa de Oro ♦ Crest ♦ Cuyamaca ♦ Dehesa ♦ Del Cerro ♦ Descanso ♦ Dulzura ♦ El Cajon ♦ Eucalyptus Hills ♦ Fernbrook ♦ Flinn Springs ♦ Granite Hills ♦ Guatay ♦ Harbison Canyon ♦ Jacumba ♦ Jamul ♦ Julian ♦ La Mesa ♦ Lake Morena ♦ Lakeside ♦ Lemon Grove ♦ Mount Laguna ♦ Mount Helix ♦ Pine Hills ♦ Pine Valley ♦ Potrero ♦ Poway ♦ Ramona ♦ Rancho San Diego ♦ Rolando ♦ San Carlos ♦ Santa Ysabel ♦ Santee ♦ Shelter Valley ♦ Spring Valley ♦ Tecate ♦ Tierra del Sol ♦ Vallecitos*

***...and the Indian reservations of:***

*Barona ♦ Campo ♦ Cosmit ♦ Cuyapaipe ♦ Inaja ♦ Jamul ♦ La Posta ♦ Manzanita ♦ Santa Ysabel ♦ Sycuan ♦ Viejas*

# Dinner to Benefit Children's Center

*San Diego, CA -- Invitations have just hit mailboxes for what promises to be one of the most wonderful events of the year -- the Polinsky Children's Center Gala Dinner, hosted by Supervisors Dianne Jacob and Greg Cox with the Child Abuse Prevention Foundation and the St. Germaine Auxiliary. The event will be held on Wednesday, April 29, 1998, at the Wyndham Emerald Plaza beginning at 5:30pm to benefit the A.B. and Jessie Polinsky Children's Center. Tickets are \$100 each, and a portion is tax deductible.*

*Supervisor Jacob, a longtime supporter of the Center, said "San Diegans have always been a wonderful support network for the children of Polinsky. I expect a large turnout for this inaugural event, and hopefully the children will be the ones to benefit the most."*

*The Polinsky Children's Center is a unique public / private partnership which puts children first. It was opened on October 6, 1994, serving approximately 70 children per day. Today, the center serves about 165 abused, neglected and abandoned children per day. The children range in age from birth to 18 years old and the average stay is 9 days. From Polinsky, children may be placed with relatives or in other safe care such as foster care or group homes.*

*The center is almost entirely self-contained, providing much needed services for the children within the safe confines of the center grounds, including a school run by the County Office of Education, as well as medical services from Children's Hospital and UCSD School of Medicine.*

*For more information about the Polinsky Children's Center Gala Dinner, please call the Child Abuse Prevention Foundation at (619) 278-4400 ext. 30 by April 22, 1998. Seating is limited.*

## You are invited to a very special Coffee & Conversation

**with County Supervisor Dianne Jacob**

**We can talk about anything that's on your mind--  
from questions to complaints and compliments.**

**And, the Heritage of the Americas Museum  
will offer free tours for you to enjoy!**

**Please, bring yourself & your family and friends.**

**Date:**

**April 25, 1998**

**Time:**

**10:30 am - 1:30 pm**

**Place:**

**Heritage of the Americas Museum  
2952 Jamacha Road, Rancho San Diego**

**If County government isn't working  
for YOU, I want to know!**

**Questions? Call (619) 531-5522**

**Please Join Me!**

*on the web*  
**www.diannejacob.com**

# *Get The Jacob Journal!*

*The Jacob Journal will be mailed to you on a regular basis by request only. So, if you like what you've read, fill out the form below and mail it back to us at 1600 Pacific Highway, San Diego, CA 92101 or fax it to us at (619) 696-7253. We'll put you on our mailing list to get The Jacob Journal regularly!*

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*We hope to hear from you soon!*

April 98

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